
COMMODORE INTERNATIONAL LIMITED

**1982
First Quarter
Report**



TO OUR SHAREHOLDERS

The financial results for the first quarter of fiscal 1982 reflect the continuing growth of your company's business and of its strengthening position within the microcomputer industry.

Record First Quarter

Net sales were a record \$54,150,000 for the quarter ended September 30, 1981 and were 53.8% above the \$35,212,000 registered in the first quarter of 1980; net income before extraordinary items of \$7,280,000 was 61.2% higher than the \$4,517,000 reported in the first quarter of 1980. Earnings per share were a record \$.71 before extraordinary items and were 61.4% above the \$.44 per share reported for the first quarter of 1980.

United States Microcomputer Systems Sales Up Over 75%

On the Computer Systems side of Commodore's business, the United States sales effort brought about a better than 75% increase in U.S. sales over the first quarter of 1980. These results reflect Commodore's success in reaching U.S. customers through its network of regional offices which were set up a year ago and which have been strengthened and expanded since their inception.

Semiconductor Sales at Record Level

The Semiconductor Division, in addition to supplying Commodore's own internal needs, achieved record sales to outside customers of \$15,700,000 during the first quarter, or over 90% higher than last year's first quarter. This performance was led by very strong demand for microprocessors and ROM's (Read Only Memory chips). During the first quarter, our MOS Technology semiconductor division became the largest shipper in the world of 64K ROM's. The 6500 series microprocessor, for which Commodore has proprietary rights, also became the best selling 8 bit microprocessor.

Expansion Plans

On November 5, 1981, Commodore entered into an agreement to purchase from the Zenith Corporation a 580,000 square foot building in Lansdale, Pennsylvania. This building will become Commodore's U.S. headquarters for its microcomputer and semiconductor operations, while providing space for your company's future manufacturing and marketing needs. In connection with the acquisition of the building, the Commonwealth of Pennsylvania will be granting Commodore a loan of \$4 million to be drawn down over a four year period, at an interest rate of 7% and with a maturity of 15 years.

Fiscal 1982 Outlook

Overall demand for Commodore products continues at a high level. Demand for our new \$299 VIC-20 home computer is strong; production is building rapidly, and will exceed 20,000 units this month (November) and should increase steadily from that level.

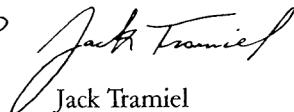
We are confident about the continuing growth in sales and net income for the remainder of this year. Furthermore, the strength of Commodore's existing microcomputer line, combined with new products to be introduced in the next several months, should extend this growth well beyond the current fiscal year.

On behalf of the management of Commodore, we would like to thank you for your continuing loyalty and support.

Sincerely,



Irving Gould
Chairman of
the Board



Jack Tramiel
Vice Chairman and
Chief Executive Officer

November 12, 1981

CONSOLIDATED BALANCE SHEETS

Comodore International Limited and Subsidiaries
(In Thousands of Dollars)

	September 30	
	1981	1980
Assets		
Current Assets		
Cash and deposits	\$ 34,086	\$ 11,071
Accounts receivable, net	50,187	29,657
Inventories:		
Finished goods	35,702	22,851
Raw materials and work-in-process	28,376	19,095
Prepaid expenses	1,616	975
Total current assets	149,967	83,649
Plant, Property and Equipment, net	34,769	22,304
Other Assets	512	566
	\$185,248	\$106,519
Liabilities and Shareholders' Equity		
Current Liabilities		
Loans payable	\$ 28,820	\$ 10,819
Current portion of long-term debt	2,973	1,181
Accounts payable	30,821	17,312
Accrued liabilities	9,287	7,282
Income taxes payable	7,086	5,169
Total current liabilities	78,987	41,763
Long-Term Debt	35,612	24,719
Deferred Income Taxes	1,310	—
Shareholders' Equity		
Common stock	10,100	9,978
Contributed surplus	695	—
Retained earnings	58,544	30,059
Total shareholders' equity	69,339	40,037
	\$185,248	\$106,519

CONDENSED STATEMENTS OF INCOME

Comodore International Limited and Subsidiaries
(In Thousands of Dollars, except Earnings per Share which are in Dollars)

	For the Three Months Ended September 30	
	1981	1980
Net Sales	\$54,150	\$35,212
Income from operations	9,070	5,749
Provision for income taxes	1,790	1,232
Income before extraordinary item	7,280	4,517
Extraordinary item	300⁽¹⁾	—
Net Income	\$ 7,580	\$ 4,517
Earnings Per Share:⁽²⁾		
Before extraordinary item	\$.71	\$.44
Extraordinary item	.03⁽¹⁾	—
Net Income	\$.74	\$.44
Average common shares and common share equivalents	10,296,000	10,311,000

(1) Tax Benefit of Net Operating Loss carryforward.

(2) 1980 per share amounts have been restated to reflect stock splits issued through September 30, 1981.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Commodore International Limited and Subsidiaries

(In Thousands of Dollars)

For the Three Months
Ended September 30

	1981	1980
Working Capital Was Provided by		
Net Income	\$ 7,580	\$ 4,517
Items not requiring working capital		
Depreciation and amortization	1,393	1,022
Total working capital provided by operations	8,973	5,539
Increase in long-term debt	4,156	714
Common stock issued upon exercise of stock options	124	—
Decrease in other assets	210	—
Total working capital provided	13,463	6,253
Working Capital Was Applied To		
Purchase of property and equipment	3,429	1,906
Increase in other assets	—	166
Repayment of long-term debt	570	295
Total working capital applied	3,999	2,367
Increase in Working Capital	\$ 9,464	\$ 3,886
Changes in Working Capital Consist Of Increases In		
Current Assets		
Cash and deposits	\$24,601	\$ 5,971
Accounts receivable	2,125	4,357
Inventories	11,209	5,846
Prepaid expenses	345	375
	38,280	16,549
Current Liabilities		
Loans payable	24,920	8,219
Current portion of long-term debt	102	181
Accounts payable and accrued liabilities	2,981	3,294
Income taxes payable	813	969
	28,816	12,663
Increase in Working Capital	\$ 9,464	\$ 3,886

The foregoing statements are not audited but reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the periods shown.

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